



Reliance Infrastructure Limited

## Performance Management System

Prepared & Issued by	Date of Implementation	Version
Corporate HR Reliance Infrastructure Ltd.	01.06.2024	5.0

<b>Title</b>	<b>Performance Management System</b>
Version	V 5.0
Creation Date	1 <sup>st</sup> June 2024
Business Scope	Reliance Infrastructure and Group / Associate Companies
Geographical	Across locations

Responsibility	<ul style="list-style-type: none"> <li>a. HR is responsible for the maintenance and advocacy of the Policy</li> <li>b. HR is responsible for compliance with local laws/ statutory requirements</li> <li>c. HR and Competent Authority / HODs are responsible for implementing and ensuring communication of this policy to all staff with support of Business HR</li> </ul>
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Assurance Check (Optional)	Head Audit
Policy Owner	HR Lead – Rewards & Talent Management
Final Approval	CHRO (Chief Human Resource Officer)
Topics	This document covers the policies and guidelines with respect to
	<ul style="list-style-type: none"> <li>• GoalSetting Process</li> </ul>
	<ul style="list-style-type: none"> <li>• Performance Evaluation &amp; Rewards</li> </ul>
	<ul style="list-style-type: none"> <li>• Performance Improvement Plan</li> </ul>
Deviation	Any deviation to the Policy shall be based on final approval of R-Infra CEO / CHRO

## Performance Management System

### 1. Objective and Need:

The purpose of this document shall be to lay down a systematic process for:

- 1.1 Setting individual performance goals
- 1.2 Tracking and reviewing progress of employees
- 1.3 Evaluation of individual performance

### 2. Scope:

- 2.1 This policy shall be applicable all eligible executives of R-Infra and it's Associate / Group companies except the following:
  - Executives who have joined post 1<sup>st</sup> October of the performance year \*
  - \* In case of executives who are Ex Metro One Operation Pvt Ltd (MOOPL) the cut-off date is considered as 15<sup>th</sup> March of the performance year.
  - Executives who have been absorbed in grade post 1st October of the performance year
  - GETs / MTs / DETs / Trainees
- 2.2 To be eligible for PMS coverage, executive should be on rolls of the company as on 31st March 2024; however eligibility for rewards disbursement shall differ as per guidelines defined in the Rewards disbursement section of this policy.

### 3. Policy:

- 3.1 PMS Cycle shall be considered from 1<sup>st</sup> April to 31<sup>st</sup> March (performance year)
- 3.2 The process shall comprise the following stages and the frequency of each step across Businesses shall be as follows:

Sn	Process Elements	Roads, E&C, Defence, and Corporate Functions	Mumbai Metro
1	Goal Setting	Quarterly	Annual
2	Mid-Year Review	-	Annual
3	Self Assessment	Quarterly	Annual
4	Performance Evaluation by Appraiser (L1) and Reviewer (L2)	Quarterly	Annual
5	Disbursement of Performance Rewards	Annual	Annual

- 3.3 Finalisation of performance ratings on a 5-point scale ( i.e. 1 to 5, 5 being the highest) shall be done annually for the entire year i.e from April to March. In case of quarterly process, it shall be done post completion of performance evaluation for the last quarter.
- 3.4 The disbursement of performance rewards shall be done annually post completion of the PMS process, subject to Management approval of PMS Proposal.
- 3.5 Respective Business HR shall communicate commencement dates and timelines for the above processes via email to all eligible executives.

3.6 The process of Goal Setting, Mid-Year Review and Performance Assessment (Self, L1 and L2) is automated through ESS (Employee Self Service). Detailed SOP of each process is also available on ESS for reference.

#### **4. Process:**

##### **4.1. Goal Setting:**

- 4.1.1. Executives shall set individual KRAs, KPIs and Targets in alignment with Business / Functional AOP, for the year post discussion and in concurrence with Appraiser.
- 4.1.2. The Goal setting discussion between the Appraiser and Appraisee shall focus on action plans, prioritization, interdependencies, support required, etc.
- 4.1.3. Each executive shall adhere to the following guidelines while setting goals:
  - i. Each executive shall have total number of KRAs ranging from 4 for a minimum and 12 at the maximum.
  - ii. Total weightage of 100 percent shall be distributed across all KRAs. Higher the contribution of KRA to the business results, more weightage shall be assigned to it. The maximum weightage assigned to KRA shall not be more than 50% or less than 5%.
  - iii. Unit of measurement as well as Target needs to be mentioned against each KRA.
  - iv. Goals set must be quantifiable in nature.
  - v. The details of discussion as well as Goal statements and activity list for each KRA need to be maintained as a separate document.
- 4.1.4. Appraisee shall submit the completed Goal Setting Form to Appraiser for further approval.
- 4.1.5. The process shall be complete once Appraiser approves Goal Setting. The entire process is required to be completed within two weeks from the date of commencement.
- 4.1.6. Executives joining post 20<sup>th</sup> of the last month of the quarter, shall set their goal next quarter onwards.

##### **4.2. Mid-Year Review (MY Review):**

- 4.2.1. Mid-Year review shall be generally held during the months of October and November. The timelines of this process shall be reviewed appropriately.
- 4.2.2. Objectives of MY Review:
  - i. Assessment of Employee Performance for months of April to September
  - ii. Performance Feedback.
  - iii. Mid-course correction of KRAs in light of changing business scenario, transfers, role enhancement, etc.
- 4.2.3. This process shall not be applicable to executives following the quarterly process.

#### 4.3. Performance Evaluation

4.3.1. This is a three tier evaluation process where the performance of the executive shall be evaluated as follows:

- a. Self Appraisal – Executive shall detail out his/her contribution and achievements for the evaluation period. Post populating the achievements, the employee shall also calculate and mention percentage Achievement against each KRA. This shall not exceed 150% of target set
- b. Performance Evaluation by Appraiser - Appraiser shall evaluate the performance of Appraisee against each KRA. Performance Feedback shall be given to Appraisee by Appraiser to help in understanding the gap between actual performance and the target set at the beginning of the year. Performance feedback shall focus on following:
  - i. Review of what was expected in terms of achievement of Targets
  - ii. Gap between actual and expected performance
  - iii. Areas of development.
  - iv. Support for improving performance
  - v. Deciding on schedule for following up on progress made
- c. Performance Review by Reviewer - The performance of the Appraisee & the evaluation of Appraiser shall be reviewed by Reviewer.

4.3.2. Quarterly Performance Evaluation by L1 and L2:

- a. Appraiser (L1) and Reviewer (L2) shall evaluate the performance of executive against each KRA in % achievement terms. Achievement against each KRA shall not exceed 150% of target set.
- b. Total Performance Scoring for each quarter shall be computed in percentage terms based on the weighted average of % achievement against each KRA.
- c. The quarterly scores shall support the L1 and L2 in finalizing the annual performance rating on 5 point scale.

4.3.3. Annual Performance Evaluation by L1 and L2:

For executives following the Annual Evaluation Process:

- a. Appraiser (L1) and Reviewer (L2) shall evaluate the performance of executive for the year against each KRA on a scale of 1 to 5 (5 being the highest).
- b. Annual rating shall be computed based on weighted average of rating against each KRA.

For executives following the Annual Evaluation Process:

- a. Based on quarterly scores, Appraiser (L1) and Reviewer (L2) shall evaluate the performance of executive for the year on a scale of 1 to 5 (5 being the highest).

4.3.4. The above processes shall be completed within three-weeks from the date of commencement of performance evaluation for the quarter / year.

- 4.3.5. In case of non-adherence to process completion timelines, Management reserves the right to withhold PMS Rewards disbursement for concerned executive, L1 or L2.
- 4.3.6. Appraiser and Reviewer shall review the rating of all executives within their team and ensure appropriate performance differentiation.
- 4.3.7. Annual Performance Ratings of all executives shall be approved by the concerned Functional Heads / Business CEO.
- 4.4. Performance Rewards:**
  - 4.4.1 The Annual Performance Ratings finalised for each executive shall form the basis for arriving at Performance Rewards.
  - 4.4.2 Payout of Performance Linked Incentive (PLI) shall be based on Individual and Business Performance for the year. PLI Payout shall also be subject to Business achieving threshold performance level.
  - 4.4.3 Increment shall be computed based on individual performance; the amount of payout shall be decided every year based on overall organizational performance and other key parameters.
  - 4.4.4 Payout of Performance rewards shall be made at the end of the year post management approval of PMS Proposal.
  - 4.4.5 The guidelines for computation and disbursement of above payout shall be in accordance with the Compensation and Benefits Policy.
- 4.5. Performance Improvement Plan (PIP)**
  - 4.5.1 This policy shall be initiated for executives who have been identified as a Poor Performer / Under-performer i.e.
    - i. Those who have received a rating of 1 or 2 (on 1-5 numeric scale) in the Annual Performance Assessment
    - ii. Have issues related to productivity, unacceptable quality of work, and have been consistently missing deadlines
    - iii. Have demonstrated several instances of unprofessional behavior, irregular attendance, or other factors that impact job performance.
  - 4.5.2 The PIP program shall be initiated post communication of PMS results or at any time during the year at the request of Manager (i.e. Reporting Manager / Business Head / Functional Head) in event of an employee demonstrating need for intervention as specified in scope. Letter communicating commencement of PIP is given in Annex.1.
  - 4.5.3 The Manager along-with the executive shall design and implement a time-bound Performance Improvement Plan.
  - 4.5.4 The Manager shall review the progress made by executive as per specified timelines.
  - 4.5.5 Based on review further decision / future course of action shall be planned
  - 4.5.6 The PIP may be concluded by deciding on any of the following future course of action:
    - i. Closure of PIP i.e. to take no further action in the event of improvement of performance
    - ii. Put in place another PIP with final extension dates clearly specified, in the event of partial improvement in performance

- iii. Redeployment, only in case of availability of alternative opportunity matching individual's competencies and as per Business need, if the Management is appropriately satisfied that the executive shall not be able to contribute effectively in the current role anymore
- iv. Termination of services in case of non-improvement of performance within specified time period.

## **5. General Guidelines**

- 5.1. PLI shall be payable subject to executive being in the Company's service on date of disbursement.
- 5.2. Increment shall not be paid in event of the following:
  - i. Executive is serving notice period as on date of dispensation.
  - ii. Termination of services / End of contract before date of dispensation
- 5.3. In case of superannuation / death of executive, PMS dispensation accrued till date of superannuation shall be paid along-with rest of the executives.
- 5.4. PMS rewards disbursement for executives who have joined before the month April of the performance year and were not eligible for previous PMS, shall be accrued proportionately from date of joining / absorption. Quarterly performance evaluation for such executives shall be for more than four quarters.
- 5.5. PMS rewards disbursement shall be done only post confirmation of services of executive. In case of resignation / termination of services of executive before confirmation, PMS dispensation shall not be payable.
- 5.6. In case an executive is issued show cause notice or is charge-sheeted, all PMS related disbursement shall be kept on hold till the final decision is taken.
- 5.7. Executives who have unauthorized absence (UA) / leave without pay (LWP) of more than 182 days during the performance year shall not be eligible for payment related to the corresponding performance year. During the process of evaluation, unless justified with appropriate documentation, their performance rating shall be considered as under:
  - a. For UA / LWP of more than 182 days and upto 240 days – Max rating 2
  - b. For UA / LWP of more than 240 days – Rating 1
- 5.8. In case of employees who are on Sabbatical leave at the time of disbursement, but are eligible, related payments shall be made only after their resuming duties, post completion of Sabbatical leave.

## **6. Policy Review and Amendment:**

- 6.1. The guidelines contained in this policy are not exhaustive. The Company reserves the right to frame rules or take decisions as may be necessary from time to time on all PMS related matters, whether or not such matters are covered in this policy
- 6.2. Whenever topics of this policy are added / revised / updated, the updated version of the policy shall be made available on the employee portal.



Date:

<Name>

<Emp Code>

<Function>

**Subject: Commencement of Performance Improvement Plan (PIP)**

Dear \_\_\_\_\_,

We have been reviewing your performance continuously and it has been observed that your performance is not as per the desired standard.

In view of the above, you are being put in a **Performance Improvement Plan (PIP)** for a period of \_\_ Days from the date of this letter. The PIP Plan is attached herewith, with the targets, with a vision to help you improvise your performance in the stipulated time.

This will help you prioritize the most important areas that you need to concentrate on and help you achieve your targets during the PIP Period. Please be informed, that you will be evaluated on your performance by your Manager and HR during the Performance Improvement Plan period.

In case of successful completion of the Performance Improvement Plan, you will continue your service with the Company in your current role. In case your performance is not satisfactory as per the PIP Plan, the Company reserves the right to take appropriate action as per the Company Policy and the terms and conditions of your appointment letter.

We wish you all the best and look forward to seeing positive actions and results, should you require assistance or have any concerns going forward, please do not hesitate to discuss with the below:

\_\_\_\_\_  
\_\_\_\_\_

Name of HR Head

Designation of HR Head

Name of Manager

Designation of Manager